

Annual Statement of the Financial Condition of the Massachusetts Teachers' Retirement System

To the Public Employee Retirement Administration
Commission
for the year ended December 31, 2009

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To the Public Employee Retirement Administration Commission
for the year ended December 31, 2009

DATE OF FILING: APRIL 30, 2010

THE MASSACHUSETTS TEACHERS' RETIREMENT BOARD

Jeff Wulfson

Chairman

Associate Commissioner of Department of Elementary and Secondary Education

Timothy P. Cahill

State Treasurer

Chairman, Pension Reserves Investment Management (PRIM) Board

A. Joseph DeNucci

State Auditor

John A.M. Dow, Jr.

Elected by the membership

MTRS appointed representative to the PRIM Board

Retired Massachusetts educator

Linda M. Ruberto

Vice Chair

Appointed by the Board

Retired Massachusetts educator

Karen Ann Mitchell

Elected by the membership

Active Massachusetts educator

Ellen T. Hargraves

Appointed by the Governor

Retired Massachusetts educator

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MTRS Annual Statement

For the year ended December 31, 2009

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Board Certification of Annual Statement

ANNUAL STATEMENT
for the
FINANCIAL CONDITION
of the
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM
Organized under the Laws of the Commonwealth of Massachusetts
to the

COMMISSIONER OF PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
OF THE COMMONWEALTH OF MASSACHUSETTS
PURSUANT TO THE LAWS THEREOF

Massachusetts Teachers' Retirement System
One Charles Park, Cambridge, MA 02142-1206
Telephone: 617-679-6877

We, the undersigned members of the Teachers' Retirement System, certify under the penalties of perjury, that we are the official board members of said retirement system, and that on the thirty-first day of December last, all of the herein-described assets were the absolute property of said retirement system, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all the assets, liabilities, income and disbursements, changes in fund balances and of the conditions and affairs of the said retirement system on the said thirty-first day of December last, and for the year ended on that date, according to the best of our information, knowledge and belief, respectively.

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

Jeff Wulfson, Chairman
Designee of Commissioner of Elementary and Secondary Education

John A.M. Dow, Jr., Board Member
Term expires 12/31/2011

Karen Ann Mitchell, Board Member
Term expires 12/31/2011

Linda M. Ruberto, Board Member
Term expires 1/31/2012

Ellen T. Hargraves, Board Member
Term expires 4/18/2010

Nicola Favorito
Designee of Timothy P. Cahill

Emily Cousens
Designee of A. Joseph DeNucci

Public Pension Coordinating Council Award



Public Pension Coordinating Council

Recognition Award for Administration 2009

Presented to

Massachusetts Teachers Retirement System

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'. The signature is fluid and cursive.

Alan H. Winkle
Program Administrator

Members of the Board



Jeff Wulfson
Chairman

Associate Commissioner
of Department of
Elementary and
Secondary Education



Linda M. Ruberto
Vice Chair

Appointed by
the Board

Retired
Massachusetts
educator



Timothy P. Cahill
State Treasurer

Chairman,
Pension Reserves
Investment
Management (PRIM)
Board



Karen Ann Mitchell
Elected by
the membership

Active
Massachusetts
educator



A. Joseph DeNucci
State Auditor



Ellen T. Hargraves
Appointed by
the Governor

Retired
Massachusetts
educator



John A.M. Dow, Jr.
Elected by
the membership

MTRS appointed
representative
to the PRIM Board

Retired
Massachusetts
educator

Annual Statement Balance Tests

For the year ended December 31, 2009

2009

ASSET BALANCE

Assets previous year	\$ 17,314,051,852
Income current year	4,383,831,377
Disbursements current year	2,228,663,262
Assets current year	\$ 19,469,219,967

ASSET DIFFERENCE

Assets current year	\$ 19,469,219,967
Assets previous year	17,314,051,852
Difference	\$ 2,155,168,115

INCOME DIFFERENCE

Income previous year	\$ 4,383,831,377
Disbursements current year	2,228,663,262
Difference	\$ 2,155,168,115

FUND CHANGE DIFFERENCE

Total fund change credits current year	\$ 5,645,041,628
Total fund change debits current year	3,489,873,513
Difference	\$ 2,155,168,115

Annual Statement Balance Tests

Continued

Three-year comparison

	2009	2008	2007
ASSET BALANCE			
Assets previous year	\$ 17,314,051,852 *	\$ 25,318,713,892	\$ 23,187,995,322
Income current year	4,383,831,377	(5,903,462,907)	4,140,349,700
Disbursements current year	2,228,663,262	2,104,114,341	2,009,631,130
Assets current year	\$ 19,469,219,967	\$ 17,311,136,644	\$ 25,318,713,892

ASSET DIFFERENCE			
Assets current year	\$ 19,469,219,967	\$ 17,311,136,644	\$ 25,318,713,892
Assets previous year	17,314,051,852	25,318,713,892	23,187,995,322
Difference	\$ 2,155,168,115	\$ (8,007,577,248)	\$ 2,130,718,570

INCOME DIFFERENCE			
Income previous year	\$ 4,383,831,377	\$ (5,903,468,907)	\$ 4,140,349,700
Disbursements current year	2,228,663,262	2,104,114,341	2,009,631,130
Difference	\$ 2,155,168,115	\$ (8,007,577,248)	\$ 2,130,718,570

FUND CHANGE DIFFERENCE			
Total fund change credits current year	\$ 5,645,041,628	\$ (4,754,752,545)	\$ 5,234,005,506
Total fund change debits current year	3,489,873,513	3,252,824,703	3,103,286,936
Difference	\$ 2,155,168,115	\$ (8,007,577,248)	\$ 2,130,718,570

* See Notes on the Financial Statements, Fixed assets, page 14.

Assets and Liabilities

		2009	2008	2007
1100	Cash	\$ 193,604,890	\$ 46,137,409	\$ 57,998,633
1198	PRIT cash account	17,922,988	29,070,558	35,723,938
1199	PRIT capital fund	19,311,587,953	17,177,957,406	25,280,320,141
1398	Accounts receivable	65,249,310	55,911,350	44,949,570
1400	Prepaid postage	109,762	—	—
1350	Prepaid contracts	70,906	—	—
	Fixed asset	7,868,871	2,238,840	—
2020	Accounts payable	(127,194,712)	(178,919)	(100,278,390)
	Totals	\$ 19,469,219,967	\$ 17,311,136,644	\$ 25,318,713,892
3293	Annuity savings fund	\$ 4,928,039,833	\$ 4,688,917,206	\$ 4,467,312,578
3294	Annuity reserve fund	2,444,390,289	2,373,445,172	2,262,133,578
3296	Pension fund	—	—	—
3295	Military service fund	319,019	290,954	262,450
3298	Expense fund	—	—	—
3297	Pension reserve fund	12,096,470,826	10,248,483,312	18,589,005,286
	Totals	\$ 19,469,219,967	\$ 17,311,136,644	\$ 25,318,713,892

Statement of Funds Flow

	2008 balance	Receipts	Inter-fund transfers	Disbursements	2009 balance
Annuity savings fund	\$ 4,688,917,206	\$ 623,582,965	\$(354,715,402)	\$ 29,744,936	\$ 4,928,039,833
Annuity reserve fund	2,373,445,172	58,302,355	354,715,402	342,072,640	2,444,390,289
Pension fund	0	812,884,577	906,494,849	1,719,379,426	0
Military service fund	290,954	28,065	0	0	319,019
Expense fund	0	137,466,261	0	137,466,261	0
Pension reserve fund	10,251,398,519 *	2,751,567,155	(906,494,849)	0	12,096,470,826
Total all funds	\$ 17,314,051,851	\$ 4,383,831,378	\$ 0	\$ 2,228,663,262	\$ 19,469,219,967

Transfers

Transfer from Annuity savings fund to Annuity reserve fund on account of retirements	\$ 354,715,402
Transfer from Pension reserve fund to Pension fund to fund pensions	\$ 906,484,849

* See Notes on the Financial Statements, Fixed assets, page 14.

Receipts

		2009	2008	2007
Annuity savings fund	\$	623,582,965	\$ 611,151,034	\$ 575,732,117
4891	Members' deductions	570,826,634	545,731,110	519,583,242
4892	Transfers from other systems	13,039,856	19,548,080	11,957,140
4893	Member make-up payments and redeposits	9,052,502	9,819,500	12,075,210
4900	Member payments from rollovers	5,136,403	7,321,660	7,865,380
4902	Early Retirement Incentive plans	4,011,408	4,429,080	3,550,140
4820	Investment income credited to members' accounts	21,516,163	24,301,604	20,701,005
Annuity reserve fund	\$	58,302,355	\$ 58,777,549	\$ 56,645,248
4820	Investment income	58,302,355	58,777,549	56,645,248
Pension fund	\$	812,884,577	\$ 820,578,404	\$ 834,962,384
4898	3(8)(c) reimbursements from other systems	13,307,848	8,648,710	9,462,384
4899	Received from Commonwealth for COLA	125,774,730	112,414,934	91,015,360
4894	Pension fund appropriation	673,557,199	699,514,760	734,484,640
4840	Workers' compensation settlement	244,800	—	—
Military service fund	\$	28,065	\$ 28,504	\$ 41,220
4890	Contributions received for military service	26,736	26,955	39,898
4820	Investment income	1,329	1,549	1,322
Expense fund	\$	137,466,261	\$ 154,617,919	\$ 143,720,370
4820	Investment income credited to expense fund	137,466,261	\$ 154,617,919	\$ 143,720,370
Pension reserve fund	\$	2,751,567,155	\$ (7,557,747,127)	\$ 2,525,221,211
4897	Federal grant reimbursement	4,234,811	4,428,360	3,283,790
4822	Interest not refunded	496,302	631,914	743,360
4820	Excess investment income	2,746,811,491	(7,562,807,401)	2,529,248,361
4825	Section 91, recovery due to excess earnings	24,551	—	—
Total receipts	\$	4,383,831,378	\$ (5,912,593,717)	\$ 4,140,349,700

Disbursements

		2009	2008	2007
Annuity savings fund	\$	29,744,935	\$ 32,741,700	\$ 33,835,110
5757 Refunds to members		23,982,434	26,363,190	28,318,850
5756 Transfers to other systems		5,762,501	6,378,510	5,516,260
Annuity reserve fund	\$	342,072,640	\$ 313,401,471	\$ 285,924,120
5750 Annuities paid		339,663,857	312,264,830	284,007,480
5759 Option B refunds		2,408,783	1,136,641	1,916,640
Pension fund	\$	1,719,379,426	\$ 1,603,353,250	\$ 1,546,151,530
5751 Pensions paid (regular pension payments)		1,464,456,507	1,364,371,566	1,354,966,080
5755 3(8)(c) reimbursements to other systems		129,148,190	126,566,750	100,170,090
5752 COLAs paid		125,774,730	112,414,934	91,015,360
Military service fund	\$	—	\$ —	\$ —
4890 Return to municipality for members who withdrew their funds		—	—	—
Expense fund	\$	137,466,261	\$ 154,617,919	\$ 143,720,370
5119 Salaries		6,437,102	7,158,830	5,966,610
5304 Management fees		102,960,350	106,786,186	129,157,210
5308 Legal expenses		23,770	52,450	48,690
5311 Service contracts		1,144,746	2,163,780	—
5312 Rent paid		765,668	743,253	772,070
5320 Education and training		4,684	—	—
5588 PERAC expenses		3,692,207	3,348,390	3,535,970
5589 Administrative expenses		385,446	749,890	876,680
5599 Furniture and equipment		486,536	129,830	25,140
5719 Travel		11,685	59,290	54,210
5897 Federal grants distributed		4,234,811	4,428,360	3,283,790
5900 Reimbursement to general fund		17,319,256	28,997,660	—
Pension reserve fund	\$	—	\$ —	\$ —
Total disbursements	\$	2,228,663,262	\$ 2,104,114,340	\$ 2,009,631,130

Investment Income

	2009	2008	2007
INVESTMENT INCOME			
Net income received from:			
Cash	\$ —	\$ —	\$ —
Pooled or mutual funds	528,791,117	755,860,900	802,760,507
Total investment income	\$ 528,791,117	755,860,900	802,760,507
4884 Realized gains (loss)	\$ (879,081,636)	\$ (3,725,284,280)	\$ 1,956,092,364
4886 Unrealized gains	4,685,061,004	(4,355,685,400)	1,943,251,992
	\$ 3,805,979,368	\$ (8,080,969,680)	\$ 3,899,344,356
4887 Less unrealized losses	(1,370,672,887)	—	(1,955,815,707)
Net investment income	\$ 2,964,097,598	\$ (7,325,108,780)	\$ 2,746,289,156
INVESTMENT INCOME REQUIRED			
3293 Annuity savings fund	21,516,163	24,301,604	20,701,005
3294 Annuity reserve fund	58,302,355	58,777,549	56,645,248
3295 Military service fund	1,329	1,549	1,322
3298 Expense fund	137,466,261	154,617,919	143,720,370
Total income required	\$ 217,286,107	\$ 237,698,621	\$ 221,067,945
Net investment income	\$ 2,964,097,598	\$ (7,325,108,780)	\$ 2,746,289,156
Less total income required	217,286,107	237,698,621	221,067,945
Excess income to pension reserve fund	\$ 2,746,811,491	\$ (7,562,807,401)	\$ 2,525,221,211

Membership information

Active members

Previous year ending December 31, 2008	86,421
Net change during report year 2009	(3,642)
Active membership current year ending December 31, 2009	82,779

Inactive members

Previous year ending December 31, 2008	22,726
Net change during report year 2009	3,443
Inactive membership current year ending December 31, 2009	26,169

Retired members, beneficiaries and survivors

Previous year ending December 31, 2008	52,615
Net change during report year 2009	1,850
Retired, beneficiary and survivor membership current year ending December 31, 2009	54,465

Superannuation	31,194
Minimum pension retirements	150
Pop-up retirements	632
Early retirements	1,118
Guardians	8
RetirementPlus retirements	18,515
Survivors	1,747
Accidental death retirements	21
Ordinary disability	589
Accidental disability	349
Termination	142

Total membership, December 31, 2009	163,413
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Notes on the Financial Statements

■ Significant Accounting Policies

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of the Public Employee Retirement Administration Commission.

■ Annuity Savings Fund

The Annuity Savings Fund is the fund to which all members' contributions are deposited. Members withdrawing from the System received a refund of their total accumulated contributions and a required amount of interest. Refunds to members for the report year 2009 were \$23,982,434 and transfers to other systems were \$5,762,501. The value of the Annuity Savings Fund was \$4.928 billion as of December 31, 2009.

■ Annuity Reserve Fund

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and the Special Fund for Military Service credit. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance. The number of new retirees increased by 3.516 % from 52,615 in 2008 to 54,465 in 2009 and an amount of \$354.71 million was transferred to the Annuity Reserve Fund. The value of the Annuity Reserve Fund was \$2.444 billion as of December 31, 2009.

■ Pension Fund

The Pension Fund contains the amounts appropriated by the Commonwealth of Massachusetts and investment funds liquidated from the Pension Reserve Investment Trust designated to pay the pension portion of each retirement allowance.

■ Pension Reserve Fund

The Pension Reserve Fund is administered by the Pension Reserves Investment Management Board (PRIM Board). The Fund contains amounts appropriated by the Commonwealth of Massachusetts for the purposes of funding future retirement benefits. Any investment income in excess of the amount required to credit the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund and the Special Military Service fund is credited to the Pension Reserve Fund. On November 7, 1996 Massachusetts State Teachers' and Employees' Retirement Systems Trust (MASTERS) was merged into the Pension Reserves Investment Trust (PRIT) Fund to form a consolidated pension fund under the management of the Pension Reserves Investment Management Board. Inactive member account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity. There were no amounts transferred from the Annuity Savings Fund for 2009.

■ Military Service Fund

The Military Service Fund contains contributions and interest for members while on a military leave for service in the Armed Forces and who receive creditable service for the period of that leave. The balance in the Military Service Fund on December 31, 2009 was \$319,019. No adjustment was made to the Military Service Fund during report year 2009 as no military members retired from the system. Contributions and interest income credited to the Military Service Fund were \$26,736 and \$1,329 respectively.

■ Expense Fund

The Expense Fund contains amounts transferred from investment income for the purpose of administering the Teachers' Retirement System. Due to the nature of the Teachers Retirement System's funding and payment structure, it is necessary to record any unreimbursed balances in the Accounts Receivable account. No amounts were unreimbursed as of December 31, 2009.

Management fees are amounts paid by the Pension Reserve Investment Trust for managing investments. PERAC requires these costs be accounted for discretely in the expense fund.

Reimbursement to the general fund of \$17,319,256 in 2009 contains amounts MTRS receives for the early retirement payments and 3(8)(c) payments received by other retirement systems which are deposited into the MTRS accounts at Bank of America and then are swept by Treasury and posted to the Commonwealth's General fund. MTRS does not have spending authority on these funds.

Federal grants distributed equal federal grant received. Federal money is a pass-through from school districts to MTRS to the Commonwealth's general fund; MTRS role is administrative in that we collect, deposit and record federal funds to the Commonwealth's general fund with no spending authority.

■ Interest-not-refunded

Interest-not-refunded is interest forfeited by members upon withdrawal from the System prior to becoming fully vested. The interest forfeiture applies to members who commenced employment or after January 1, 1984. The 2009 Interest-not-refunded of \$496,302 is recorded as revenue in the Pension reserve fund.

■ 3(8)(c)

A 3(8)(c) reimbursement is the pension benefit reimbursement received from other Massachusetts public retirement systems for the portion of creditable service attained by retirees formerly contributing to another retirement system. The total 3(8)(c) reimbursements received in 2009 for report year 2008 is ultimately credited to the Commonwealth of Massachusetts General Fund for purposed of reducing the state's actuarial liability. The Teachers' Retirement System's 3(8)(c) from other systems during report year 2009 was \$13.307 million. The amount the Teachers' Retirement System paid to other systems out of the Pension fund was \$129.148 million.

■ Qualified Excess Benefit Arrangement (QEBA)

To comply with Section 415 of the Internal Revenue Code which imposes limits on benefits and annual additions that restrict retirement benefits, the MTRS has funded a QEBA account. The QEBA account will provide benefits that cannot be provided under a qualified plan due to the limits of section 415 on contributions and benefits. The balance is accounted for in cash.

The activity in the account:	Beginning balance	\$ 30,000
	Less payments	– 18,315
	Balance 12/31/09	\$ 11,685

■ Fixed assets

The system makes estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts added and deducted during the reporting periods. The valuation of the “new business model system” was generally estimated in the absence of any reliable guidelines for providing the actual value of this important system upgrade. The issuance of GASB #51 has clarified that valuation process. As a result, certain reclassifications of amounts disbursed in prior periods have been made by adjusting the appropriate fund balances. The actual funds recognized that were appropriate to comply with GASB #51 were different from those previous estimates.

The beginning balance of the Pension Reserve Fund and the Fixed asset account were increased by \$2,915,208 to correct the reported value of Fixed asset. This adjustment is the reason “Assets previous year” for 2009 are \$2,915,208 higher than “Assets current year” in 2008.

■ Estate receivable and payable

When a member becomes deceased, this life event creates a receivable and a payable between the retirement system and the estate. At December 31, 2009 the amount due to be received from estates is \$1,058,942 and the amount payable to estates including the deceased members’ remaining annuity balance is \$841,005. These amounts are recorded to the general ledger when collected.

■ Receivable

The Commonwealth appropriated \$933,254,000 for State and Boston Teachers for fiscal 2010 of which \$408,634,002 was still due to be transferred to MTRS as of December 31, 2009.

Members may purchase creditable service on an installment basis. There are approximately 1,298 members with a \$7,543,423 in potential receivables due for service purchases.

Appendix A

Detail of Accounts Receivable and Accounts Payable

2009

ACCOUNTS RECEIVABLE

4891	Member deductions	\$	65,249,310
Total accounts receivable		\$	65,249,310

ACCOUNTS PAYABLE

5755	Reimbursement to City of Boston	\$	126,871,415
5799	Accrued staff salaries		75,172
	Accounts payable		248,125
Total accounts payable		\$	127,194,712

Appendix B

Massachusetts Pension Reserves Investment Trust Statements

MTRS Cash Fund

For the year ending December 31, 2009

***Pension Reserves Investment Management Board***84 State Street, Suite 250
Boston, Massachusetts 02109Timothy P. Cahill, Treasurer and Receiver-General, Chair
Michael Travaglini, Executive Director**State Teachers Retirement System****Cash Investment****January 01, 2009 to December 31, 2009**

	Month to Date	Calendar Year to Date
Your beginning net asset value for the period was:	\$ 26,868,249.87	\$ 29,070,558.34
Your investment income for the period was:	15,817.56	238,147.68
Your total contributions for the period were:	54,817,530.69	589,602,879.98
Your total redemptions for the period were:	(123,178,572.26)	(1,327,841,495.91)
Your total exchanges for the period were:	59,399,962.26	726,852,898.03
Your state appropriations for the period were:	0.00	0.00
Your ending net asset value for the period was:	\$ 17,922,988.12	\$ 17,922,988.12
As of December 31, 2009 the net asset value of your investment in the Cash Fund was:		<u>\$17,922,988.12</u>

If you have any questions regarding your statement, please contact your Senior Client Service Officer Paul Todisco (617) 946-8423


A detailed statement of your account is attached to this summary sheet.

Appendix B

Massachusetts Pension Reserves Investment Trust Statements

MTRS General Allocation Account

For the year ending December 31, 2009



Pension Reserves Investment Management Board

84 State Street, Suite 250
Boston, Massachusetts 02109

Timothy P. Cahill, Treasurer and Receiver-General, Chair
Michael Travaglini, Executive Director

State Teachers Retirement System
General Allocation Account
January 01, 2009 to December 31, 2009

	Month to Date	Calendar Year to Date
Your beginning net asset value for the period was:	\$ 19,152,240,720.37	\$ 17,177,957,405.58
Your change in investment value for the period was:	218,747,194.90	2,860,483,445.46
Your exchanges from (to) the Cash Fund for the period were:	(59,399,962.26)	(726,852,898.03)
Your ending net asset value for the period was:	\$ 19,311,587,953.01	\$ 19,311,587,953.01

Net Change in Investment Value represents the net change through investment activities as follows:

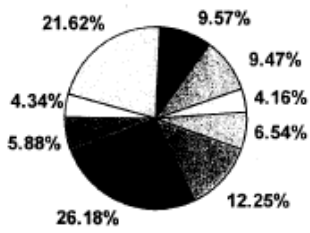
Gross Investment Income:	\$ 54,336,124.01	\$ 528,137,294.01
Less Management Fees:	(21,454,674.42)	(102,960,349.73)
Net Investment Income:	32,881,449.59	425,176,944.28
Net Fund Unrealized Gains/Losses:	92,194,519.16	3,314,388,137.13
Net Fund Realized Gains/Losses:	93,671,226.15	(879,081,635.95)
Net Change in Investment Value as Above:	\$ 218,747,194.90	\$ 2,860,483,445.46

As of December 31, 2009 the net asset value of your investment in the PRIT Fund was: **\$19,311,587,953.01**

PRIT Fund Core

Asset Allocation

As of December 31, 2009



- Core Fixed Income
- Domestic Equity
- ▨ Emerging Markets
- Hedge Funds
- International Equity
- Private Equity
- Real Estate
- Timber Natural Res.
- Value-Added Fixed Inc.

If you have any questions regarding your statement, please contact your Senior Client Service Officer Paul Todisco (617) 946-8423

A detailed statement of your account is attached to this summary sheet.

Appendix C

Supplementary schedules

Members' Balances in the Annuity Savings Account

For the year ending December 31, 2009

Previous balance	\$	4,688,917,206
Total additions current year		602,066,802
Total interest current year		21,516,163
Reductions		29,744,936
Transfer to annuity reserves		354,715,402
Transfer from pension reserve fund		0
Transfer to pension reserve fund		0
Balance current year	\$	4,928,039,833

Appendix C

Supplementary schedules

Schedule 1: Cash Account Activity During the Year

For the year ending December 31, 2009

Type of account, account number, interest rate	Book value at the end of the previous year	Total deposits this year	Income reinvested/ redeposited into account	Withdrawals during the year	Total book value 12/31 this year	Cash income paid to System not reinvested or deposited	Interest due and accrued 12/31
Bank of America 005102-3319	\$ 0	\$ 24,250,967	\$ 0	\$ 24,249,884	\$ 1,083	\$ 0	\$ 0
BankNorth, N.A. 824-2111742	11,322	102,832	0	79,149	35,005	0	0
Mellon 007-6347	173,370	591,229,689	0	591,387,260	15,806	0	0
Bank cash	\$ 184,692	\$ 615,583,488	\$ 0	\$ 615,716,294	\$ 51,894	\$ 0	\$ 0
Cash available on MMARS	\$ 45,952,717				\$193,552,996		
Total cash	\$ 46,137,409				\$193,604,890		
PRIT cash fund	\$ 29,070,558	\$1,317,467,213	\$ 0	\$1,328,614,784	\$ 17,922,988	\$ 0	\$ 0

Appendix C

Supplementary schedules

Schedule 5: Schedule of PRIT Funds

For the year ending December 31, 2009

	PERAC ledger number 1199 PRIT Capital Fund
Market value, end of previous year	\$ 17,177,957,406
Total purchases this year at cost	0
Reinvested investment income	528,137,294
Realized gains	394,602,842
Realized losses	(1,273,684,478)
Unrealized gains	4,685,061,004
Unrealized losses	(1,370,672,867)
Total sales/redemptions this year: Amount received	(726,852,898)
Cash dividends distributions to system this year	0
Fees paid	(102,960,350)
Market value at the end of this year	19,311,587,953

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Supplementary schedules

Schedule 6: Summary of Investments Owned

For the year ending December 31, 2009

	PERAC ledger number			
	1040 Cash	1198 PRIT cash	1199 PRIT fund	Total
Current market value	\$ 193,604,890	\$ 17,922,988	\$ 19,311,587,953	\$ 19,523,115,831
Interest due and accrued as of December 31, 2009	0	0	0	\$ 0
Paid accrued interest on purchases in current year	0	0	528,137,294	\$ 528,137,294
Commissions paid during current year	0	0	102,960,350	\$ 102,960,350
Unrealized gains	0	0	4,685,061,004	\$ 4,685,061,004
Unrealized losses	0	0	(1,370,672,867)	\$ (1,370,672,867)
Realized gains	0	0	394,602,842	\$ 394,602,842
Realized losses	0	0	(1,273,684,478)	\$ (1,273,684,478)
Investment income received during year	\$ 415,654	238,148	0	\$ 653,802

Appendix D

Prior Years' Statements of Funds Flow

For the year ended December 31, 2008

	2007 balance	Receipts	Inter-fund transfers	Disbursements	2008 balance
Annuity savings fund	\$ 4,467,312,578	\$ 620,281,844	\$ (365,935,516)	\$ 32,741,700	\$ 4,688,917,206
Annuity reserve fund	2,262,133,578	58,777,549	365,935,516	313,401,471	2,373,445,172
Pension fund	0	820,578,404	782,774,846	1,603,353,250	0
Military service fund	262,450	28,504	0	0	290,954
Expense fund	0	154,617,920	0	154,617,920	0
Pension reserve fund	18,589,005,286	(7,557,747,128)	(782,774,846)	0	10,248,483,312
Total all funds	\$ 25,318,713,892	\$(5,903,462,907)	0	\$ 2,104,114,341	\$ 17,311,136,644

INTER-FUND TRANSFERS

Transfer from...	Annuity savings fund	Annuity reserve	Pension fund	Military service fund	Expense fund	Pension reserve fund	Total
Annuity savings fund to Annuity reserve fund for 2007 retirements	\$ (365,935,516)	\$ 365,935,516	0	0	0	0	0
Military service fund to Annuity reserve fund for 2007 retirements	0	0	0	0	0	0	0
Pension reserve fund to Pension fund for pension benefits	0	0	\$ 782,774,846	0	0	\$ (782,774,846)	0
Adjust military to Pension reserve fund	0	0	0	0	0	0	0
	\$ (365,935,516)	\$ 365,935,516	\$ 782,774,846	0	0	\$ (782,774,846)	0

Appendix D

Prior Years' Statements of Funds Flow (continued)

For the year ended December 31, 2007

	2006 balance	Receipts	Inter-fund transfers	Disbursements	2007 balance
Annuity savings fund	\$ 4,307,882,175	\$ 575,732,117	\$ (382,466,660)	\$ 33,385,110	\$ 4,467,312,522
Annuity reserve fund	2,108,945,790	56,645,248	382,466,660	285,924,120	2,262,133,578
Pension fund	0	834,962,384	711,189,146	1,546,151,530	0
Military service fund	221,230	41,220	0	0	262,450
Expense fund	0	143,720,370	0	143,720,370	0
Pension reserve fund	16,770,946,127	2,529,248,361	(711,189,146)	0	18,589,005,342
Total all funds	\$ 23,187,995,322	\$ 4,140,349,700	0	\$ 2,009,631,130	\$ 25,318,713,892

INTER-FUND TRANSFERS

Transfer from...	Annuity savings fund	Annuity reserve	Pension fund	Military service fund	Expense fund	Pension reserve fund	Total
Annuity savings fund to Annuity reserve fund for 2007 retirements	\$ (382,466,660)	\$ 382,466,660	0	0	0	0	0
Military service fund to Annuity reserve fund for 2007 retirements	0	0	0	0	0	0	0
Pension reserve fund to Pension fund for pension benefits	0	0	\$ 711,189,146	0	0	\$ (711,189,146)	0
Adjust military to Pension reserve fund	0	0	0	0	0	0	0
	\$ (382,466,660)	\$ 382,466,660	\$ 711,189,146	0	0	\$ (711,189,146)	0